



ANNUAL REPORT -2011

National Human Resources Development Council of Sri Lanka
Ministry of Youth Affairs and Skills Development
354/2, 'Nipunatha Piyasa', 7th Floor, Elvitigala Mawatha,
Colombo-05

Institutional Background

Institute : National Human Recource Development Council of Sri Lanka

Ministry : Ministry of youth affairs and skills development

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Bankers : Bank of Ceylon, Peoples Bank

Chairman's Message

This year, it was able to carry out several Programs aiming Human Resource Development activities proceeding the Mahinda Chinthana policy.

During this period, the Council has been conducted Career Guidance programmes Island wide to empower the school leavers and registered them those who wished to follow vocational training courses conducted by the training institutions under Ministry of Youth Affairs and Skills Development.

Also, the website of www.nhrdc.net has been designed to feed the data of the Job Seekers and Job Providers enabling the job seekers to find a good job suit to their qualifications.

Although several Projects have planned it was unable to implement due to lack of staff of the managerial level.

Chairman

National Human Resources Development Council

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Annual Report-2011

1. Institutional Structure and Scope

The National Human Resources Development Council is an institution established to play a vital role under the Ministry of Youth Affairs and Skills Development. Under the powers vested in the institution, it gives priority to all activities pertaining to human resources development and implements policies for human resources development. The prime objective of the institution is to organize itself as an apex body that guides the relevant minister and the government on human resources development.

1. Institutional Introduction

As a national level advisory council, the National Council for Human Resources Development of Sri Lanka was established on 05th June, 1987 as a unit attached to the Ministry of Youth Affairs. Subsequently, under the National Human Resources Development Council Act No.18 of Sri Lanka, it was brought under the purview of the Ministry of Science and Technology as an independent statutory body. However within a short period of time, i.e. in the Year 2000, the institution was placed under the Ministry of Technical Education and Vocational Training and again in the year 2001, the National Human Resources Development Council of Sri Lanka was designated as an institution coming under the Ministry of Cultural Affairs. With the subsequent change of the government, the institution was brought under the purview of the Ministry of Skills Development, Vocational and Technical Training. This institution which has been thus been moved from one ministry to another over a short period of time currently functions under the Ministry of Youth Affairs and Vocational Training.

1. Vision

To achieve excellence by creating a national recognition with regard to human resources development policies.

4. Mission

Formulating and promoting national human resources development policies and action plans required for upgrading human resources efficaciously to be consistent with the development needs of the twenty first century and contributing to the development process of Sri Lanka by coordinating such policies, plans and programs and implementing them through a joint approach.

1.5 Objectives

- The objective of the National Human Resources Development Council of Sri Lanka is to create an appropriate institutional framework to instruct and offer guidance to the government regarding human resources development. The NHRDC is responsible for designing human resources development policy processes, reviewing policies and enhancing human resource sectors. As set out in the Act, the following are the duties and functions of the Council.
- To plan human resources policy relating to employment, training and education, the application of Science and Technology the enhancement of the quality of life and the designing of social protection for disadvantaged groups of persons
- To make recommendations to the Minister, on plans and programmes on human resources development, in accordance with the national policy, for submission to the Government
- To review and examine the relevant policies and plans
- To take preliminary measures for the implementation in consultation with other ministries
- To do all such other acts with the concurrence of the Minister in relation to the human resources development

1.6 Functions

For the realization of the above objectives of the National Human Resources Development Council of Sri Lanka, they have been categorized into the following 04 groups.

- 1) Conducting studies, surveys, investigations and researches and refer their reports to the higher authorities through the relevant subject minister
- 2) Seminars and workshops
- 3) Projects for human resources development
- 4) Publications

1.7 Powers of the Council

As set out in section 16(2)(1) of the National Human Resources Development of Sri Lanka Act No. 18 of 1997, the following are the powers of the Council.

- (a) to carry out such surveys, investigations studies and research as may be necessary for the discharge of the functions of the Council ;
- (b) to conduct public or private hearings with a view to ascertaining the opinion of experts, professionals or the general public, on matters relating to human resources development;
- (c) to establish and maintain liaison with international agencies and other organizations outside Sri Lanka discharging functions similar to those discharged by the Council;
- (d) to arrange for the conduct of human resources development research by Institutions or individuals either in Sri Lanka or abroad;
- (e) to establish and maintain an information data bank on human resources development and related fields in Sri Lanka and in other countries ;
- (f) to open and maintain, current, savings or deposit accounts, in any bank or banks ;
- (g) to accept and receive, grants and donations, both movable and immovable;
- (h) to take such steps as may be necessary to advance the skills of its officers, with a view to developing a pool of expertise in all aspects of human resources development;
- (i) to appoint such committees, expert groups and advisory bodies as may be necessary for the effective discharge of its functions ;
- (j) to call for, and obtain such information as the Council may deem necessary including statistics and data from Ministries, Government departments, public corporations, statutory boards. Provincial Councils, local authorities and private sector establishments; and
- (k) to adopt all measures, which in the opinion of the Council are considered necessary for, conducive or incidental to, the discharge, exercise and performance, of the functions, powers and duties of the Council.

02. Organizational Structure of the National Human Resources Development Council of Sri Lanka

This council which functions under the purview of Ministry of Youth Affairs and Skills Development consists of 20 members including the Chairman appointed as per the following provisions of the National Human Resources Development Council of Sri Lanka Act No 18 of 1997. Fifteen of them are ex-officio members and 5 are appointed from the relevant institutions. Another 5 members are appointed taking into consideration their expertise and experience in the relevant fields and two of whom should be from the private sector. The Minister is empowered by the Act to nominate one of them as Chairman who shall also be the Chief Executive Officer. As of 31.12.2011, the Council had 19 members.

The following were the members of the Board of Directors of the Council in the year 2011

Appointments made under section 3(1)(a) to (p) of the Act.

1. Attorney at law Nimal Bopage -Chairman, National Human Resources Development Council of Sri Lanka
2. Mr. S.S.Hewapathirana -Secretary, Ministry of Youth Affairs
3. Dr. Sunil Jayantha Navaratne -Secretary, Ministry of Higher Education
4. Dr. Ravindra Ruberu -Secretary, Ministry of Health
5. Dr.Dhara Wijethilake -Secretary, Ministry of Technology and Research
6. Mr. W.J.L.U.Wijayaweera -Secretary, Ministry of Labour Relations and Productivity Promotion
7. Mr. P.B.Abeykoon - Secretary, Ministry of Public Administration and Home Affairs
8. Mr. Tilak Kollure -Secretary, Ministry of Industries and Commerce
9. Mr.K.E.Karunathilake -Secretary, Ministry of Agriculture
10. Mr.H.M.Gunasekara -secretary, Ministry of Education
11. Prof.Dayantha S.wijesekara -Chairman, Tertiary and Vocational Education Commission
12. Prof. A.V.Suraweera -Chairman, National Education Commission
13. Prof. Gamini Samaranayake -Chairman, University Grants Commission
14. Dr. T.A.Piyasiri -Director General, Tertiary and Vocational Education Commission
15. Dr. Tissa Jinasena -Chairman, National Apprentice and Industrial Training Authority
16. Mr. M.M.C.P.Mohottigedara -Asst Secretary, Ministry of Finance and Planning

Appointments made under section 3(2)(p) of the Act.

1. Mr. Piyadasa Pathirana Weerasinghe -Sarasi, Radampola, Urugamuwa
2. Mr. A.S.Gamage -Batuwatta, Aluthgolla, Mithalawa

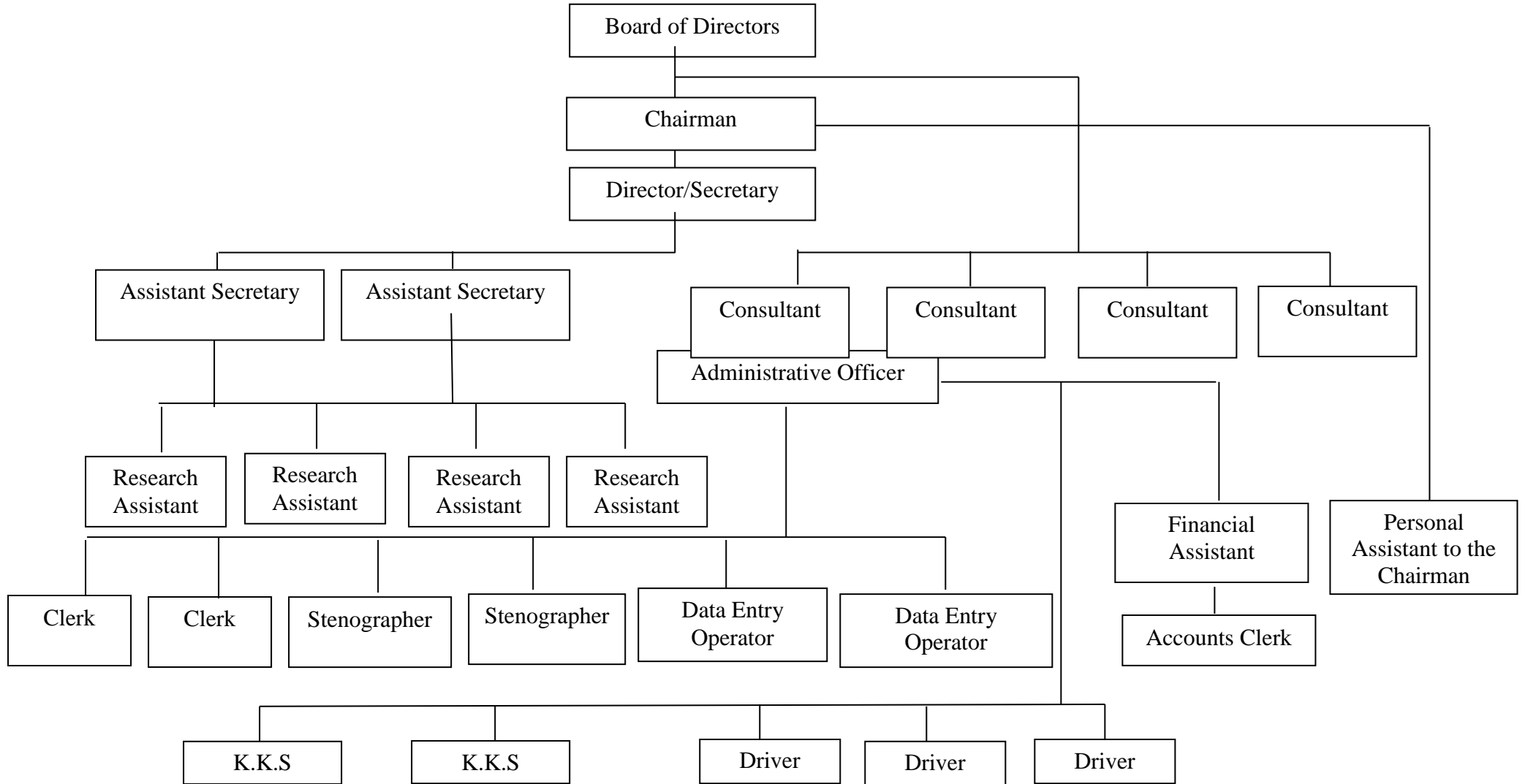
3. Ms Lalitha Vithanachchi

-No. 337, Tangalle Rd, Meddawatta, Matara

For the year 2011, four meetings of the Board of Directors were held at the office of the National Human Resources Development Council office at Narahenpita as tabulated below.

Board of Directors	The date meeting was held			
	2011.03.1	2011.06.3	2011.08.3	2011.10.2
Chairman, National Human Resources Development Council	√	√	√	√
Secretary, Ministry of Youth Affairs and Skills Development	√	√	√	√
Secretary, Ministry of Higher Education	-	-	-	-
Secretary, Ministry of Education	-	-	-	-
Secretary, Ministry of Health	-	-	-	-
Secretary, Ministry of Technology and Research	√		√	√
Secretary, Ministry of Labour Relations and Productivity	-	-	√	-
Secretary, Ministry of Public Administration and Home Affairs	-	-	-	-
Secretary, Ministry of Industries and Commerce	-	√	√	√
Secretary, Ministry of Agriculture	-	-	√	-
Secretary, Ministry of Finance and Planning	-	-	√	√
Chairman, Tertiary and Vocational Education Commission	√	√	√	√
Director General, Tertiary and Vocational Education Commission	√	-	√	√
Chairman, National Education Commission	√	-	-	-
Chairman, University Grants Commission	√	√	√	√
Chairman, National Apprentice and Industrial Training Authority	-	-	-	-
Appointed Member-Mr. Piyadasa Pathirana Weerasinghe	-	√	-	-
Appointed Member- Ms Lalitha Vithanachchi	-	-	√	√
Appointed Member-Mr. A.S.Gamage	-	-	√	√
Number Participated	07	06	12	10

Organisational Structure of National Human Resource Development Council of Sri Lanka



The list of employees serving in the National Human Resources Development Council of Sri Lanka and their details

Designation	Approved Cadre	No of employees as at 31.12.2011	Name
Chairman	01	01	Attorney at law Nimal Bopage
Director/Secretary	01	-	
Consultant	04	-	
Administrative Officer	01	01	Mr. J.A.C.G Weerasinghe
Financial Assistant	01	01	Miss Manjari Perusinghe
Research Assistant	04	03	Mr. S.A.P. Priyanga Ms. S.N.Jayaneththi Miss M.K.A.N.Sandamali
Personal Assistant of Chairman	01	-	-
Data Entry Operator	02	02	Miss K.S.A.N.Perera Ms Chathurika Jayasekara
Stenographer	02	-	
Clerk	03	03	Miss Chamani Kariyawasam Mr. Rajitha Maddage Miss Mala Damayanthi
KKS	02	01	Mr. Buddhika Wijesinghe
Driver	03	03	mr. Maduranga Pinnaduwa Mr. Erwin Jayaratne Mr. M.P.K.Lakmal
Total	27	15	

Resignation

Name	Post	Date of Resignation
Mr. A.V.D.D.Perera	-	31.07.2011

Projects

01. Project to empower students who failed the G.C.E.(Advanced Level) (Post Advanced Level Operation)

The Post Advanced Level Operation/the series of Island-wide Vocational Guidelines Seminars for empowering students who failed the G.C.E. (Advanced Level) examination in the year 2010 has now been successfully completed. The hitherto existed yet unseen social tradition was to appreciate those who passed the G.C.E.(Advanced Level) examination and grant them various benefits and marginalize those who failed the examination. This project marked a turning point in this tradition and served as an eye opener for the entire society. The project also attracted the attention of the academia and through the print and electronic media they identified it as a process initiated for the first time in the history for empowering those who failed the Advanced Level examination.

With the support of the Hon. Minister of Youth Affairs and the institutes coming under the purview of the Ministry, 27 vocational guidance and personality development workshops at the district level were conducted for students who failed the GCE (Advanced Level) examination. A total of 12321 students participated in these programs together with a number of parents and guardians. Of these students, 9737 were referred to various training institutions of the Ministry bringing them under the care of the Minister and those who were willing to undergo the Youth Corps training were trained initially.

As a result of this pilot project launched in 2010 as the post Advanced Level empowerment program for students who failed the G.C.E. (A/L) examination, the following objectives could be achieved.

- A hitherto non-existent very sensitive social dialogue on students who failed the GCE Advanced Level examination was created in the society.
- Various resource persons, organizations, non-governmental organizations and private sector institutions came forward to empower them.
- They were afforded special opportunities under concessionary terms to enroll at various vocational training institutes coming under the purview of the Ministry of Youth Affairs and Skills Development.
- Students and parents acknowledging that they had truly been empowered and conveying their thanks to the Government, Ministry and the Council.

02. Project for empowering students who failed the GCE Ordinary Level examination (Post GCE -Ordinary Level Operation)

As per the results of the GCE (Ordinary Level) examination this year, over one hundred thousands have either failed all subjects or most of the subjects or failed to qualify for the GCE Advanced Level classes. Since all of them represent the prime of youth, this high

percentage of failures at Ordinary Level would inevitably lead to a grave social crisis. A comparison of the number of persons who were imprisoned during the past few years and their education level proves this point in no uncertain terms. According to the annual report of the Department of Prisons, more than 80% of those imprisoned in 2009 were individuals whose education level was below GCE- Ordinary Level.

Under the prevailing education system in the Sri Lankan society, the social recognition of a student who fails a competitive examination is at a minimal level. Even in their own homes, they become marginalized and less recognized. This situation causes a severe erosion of their self-belief and self-respect leading to extreme frustration. Though their education comes to an abrupt halt, their other needs continue to grow and they invariably are lured into resort to anti-social acts in trying to fulfill their needs. Thus this has become a social problem of immense magnitude. It is the responsibility of the government of the day to find solutions to problems having a harmful and negative effect on the people. Therefore, the Minister of Youth Affairs and Skills Development as a representative of that government has a responsibility in making necessary interventions to address this problem. Accordingly, as an institution coming under the purview of the Ministry as well as an entity dedicated for human resources development, our Council was instructed by the Minister to design a project for these students.

Accordingly, 18 district level workshops on vocational training and personality development were conducted for the students who failed the GCE –Ordinary Level examination. In addition, 04 residential camps each lasting five days were conducted successfully in the districts of Galle, Matara, Hambantota, Ratnapura, Kegalle, Kurunegala, Puttalam, Annuradhapura, Polonnaruwa, Kandy, Matale, Nuwaraeliya, Badulla, Monaragala, Ampara, Kalutara, Colombo and Gampaha to empower them through personality development and attitudinal changes.

03. Mahinda Theory of Sri Lankan Politics

The project to write a book titled ‘Mahinda Theory of Sri Lankan Politics’ incorporating all political and social principles on which ‘the Mahinda Chintana’ is based which transformed Sri Lanka which has come to be known as the land of death back into the garden of life and strengthened all representative bodies and opened a new path for the politics of the country and public life was also launched this year. The book is to be authored by professors with expert knowledge on this subject.

From ‘unemployment to employment’ –Deyata Kirula special project 2011/2012,

This project was launched under the instructions given by the Hon. Deputy Minister to design a special project to be implemented during the “Development Week” mobile service program due to be conducted throughout the Anuradhapura district parallel to the 2012 Deyata Kirula national exhibition.

The main objective of the program was to make youths in the Anuradhapura district aspiring for employment opportunities to understand the importance of employment in the private sector and guide them along for such employment opportunities. Due to firmly entrenched attitude in our society that one should somehow or the other find employment in the public sector, many youth remain unemployed for long periods as they are reluctant to undertake jobs in the private sector. The program was designed so as to change this attitude and to make them realize the importance of undergoing vocational training. Steps were taken to provide counseling services to young people who attended mobile services held in the divisional secretary divisions enabling them to change their misconception to the effect that one should only engage in public sector jobs, to guide those in need of vocational training to vocational training institutes and to register those aspiring for jobs in the private sector in our data bank and refer them subsequently to employment in private sector institutions.

Further expanding the above project launched from the Anuradhapura district as a special program of the 'Deyata Kirula' development drive, the Council took measures to establish a national level data bank known as the "National Job Processing Centre".

The "National Job Processing Centre" which was vested with people by His Excellency the President Mahinda Rajapaksa on 05.07.2012 at our stall in the 'Deyata Kirula' exhibition site at Oyamaduwu can be accessed at its website nhrdc.lk. This website has become very popular equally among job seekers and head hunters.

Allocation for the Work Plan 2011

	Programmes and Projects	Activities	Allocation (Rs)
1	Research and Survey		
1.1	Human Resources Development Policy for Sri Lanka	Formulate a policy for HR	43,000.00
2	Seminars & Workshops		
	Career Guidance Programme	1. Conduct Islandwide Career Guidance Programmes for School Leavers those who failed G.C.E (O/L) & (A/L)	14,919,000.00
	2. Awaress Programme	2. Awaress Programme	91,000.00
	3. Facilitate to obtain NVQ certificate	3. Facilitate to obtain NVQ certificates	
	4. Upgrade the skills of the employees	4. Upgrade the skills of the employees	324,000.00
3	Projects		
3.1	Job Matching Center	Design a database which is consisted of data of Job seekers out of unemployment youth in Anuradhapura District	970,000.00
3.2	Skilled Labour Pool	Design a database which is consisted of data of Skilled labours	90,000.00
3.3	Design a Web site	Design a web site which is consisted of data of Job Seekers & Job Providers	6,000.00
3.4	Human Resources Development Year		3,086,000.00
5	Acquisition of fixed assests		
	Furnitures	Bidding and purchasing	1,452,000.00
	Office equipments and	Bidding and purchasing	19,000.00
	Other Assets		
		Total	21,000,000.00

Human Resources Development Council of Sri Lanka

Capital Progress Report 2011

	Task	Allocation for year 2011 (Rs million)	Expenses up to 31.12.2011 (Rs million)	Balance (Rs million)	Physical progress
1	Research and study				
1.1	Policy on Human Resources Development of Sri Lanka	0.043	0.043	0.00	100%
2	Seminars and workshops				
	1. Conduct Career Guidance Programmes for school leavers those who failed G.C.E. (O/L) & (A/L) Examinations	14.919	14.853	0.07	100%
	2. Awareness Programmes	0.0916	0.092	0.00	100%
	3. Facilitate to obtain NVQ certificates				
	4. Promote Skills of Employees	0.324	0.324	0.00	100%
3	Projects				
3.1	Job Processing Centre	0.9702	0.970	0.00	100%
3.2	Skilled Labour Pool	0.0901	0.090	0.00	100%
3.3	Design a Web site	0.0063	0.006	0.00	100%
3.4	Human Resources Development Year	3.0865	3.086	0.00	100%
5	Acquisition and purchase of fixed assets				
	1. Furniture	1.452	0.296	1.16	20%
	2. Office equipment & other assets	0.019	0.019	0.00	100%
		21.00	19.780	1.22	94%

Accounting Policies

01. General Policy

The financial statements of the National Council for Human Resources Development of Sri Lanka have been prepared on a historical cost basis as per the generally accepted accounting policies which are in line with the accounting standards introduced by the Sri Lanka Institute of Chartered Accountants.

02. Valuation of Assets

2.1 Stocks

Stocks have been valued at cost or net realized value whichever is lower of the two.

2.2 Fixed Assets

The cost of fixed assets has been identified as the aggregate of the purchasing cost and all expenses borne until the asset is converted into the expected status.

2.3 Valuation

The value of fixed assets is recorded at cost less accumulated depreciation.

(a) Changes in accounting policies

Before the year 2009, provisions were not made for the depreciation of property, plant and equipment for the year in which they were purchased and in disposing of/removing the assets (purchased before the year 2009), the depreciation was made for the entire year. From the year 2009, the provision for depreciation for property, plant and equipment was made from the date the asset was purchased/ disposed .

2.4 Depreciation

The provision for depreciation is calculated by using a straight line basis on the cost of valuation of all Property, Plant and Equipment. Depreciation is provided from the available period of usage of the asset. The principal annual rates used are as follows.

Buildings and layouts	2.5%
Furniture and fittings	10%
Office equipment	10%
Electrical equipment and accessories	20%
Computers	20%
Vehicles	20%
Books	10%
Other assets	10%

3.1 Gratuity

The provision for gratuity has been made in the accounts as per Sri Lanka Accounting Standard 16 and Gratuity Provision Act No 12.

04. Income and Expenditure Account

Accounts have been prepared on accrued basis. Expenses up to February of the coming year have been taken into consideration and the expenses for the previous year have been treated as accrued expenses.

05. State Grants

The funds for the functioning of the National Council for Human Resources Development are provided by the Treasury and it uses an annual action plan based on the allocation of annual budget provisions. Funds from the treasury are received in two ways as recurrent and capital for the recurrent and capital expenditure of the National Council for Human Resources Development. Under the income column of the income-expenditure account of the National Council for Human Resources Development of Sri Lanka, the sum total of all recurrent grants made available by the Treasury is indicated as “Total of Recurrent Grants” and the total cost incurred for the human resources development activities from the capital grants received from the Treasury is indicated as “Total Capital Grants”.

The total of the unrealized capital provisions at the end of the year is shown in the balance sheet National Council for Human Resources Development of Sri Lanka.

National Human Resources Development Council of Sri Lanka Balance Sheet-2011

				As at 31.12.11		As at 31.12.10	
				Rs	Cts	Rs	Cts
			Note				
(1)	1	Non Current Assets	(Sch.1) 1				
				11,067,797.64		3,275,986.44	
(2)	2	Current Assets					
		Stock		71,459.80		156,115.65	
		Debtors	(Sch.2)	-		21,702.28	
		Other Advances	(Sch.3)	48,212.00		124,212.00	
		Pre Payments	(Sch.5)	34,990.48		31,603.76	
		Staff Loans-					
		Distress	(Sch.6)	1,778,513.15		1,617,617.98	
		Festival Advance	(Sch.7)	13,000.00		14,000.00	
		Receivables	(Sch.8)	1,770.00		1,770.00	
		Petty Cash	(Sch.9)	-		-	
		Cash Balance	(Sch.10)	2,495,323.79		4,041,362.07	
(3)	3	Total Current Assets		4,443,269.22		6,008,383.74	
(4)	4	Total Current Liabilities					
		Deposits payable	(Sch.11)	29,580.57		29,580.57	
		CADREP	(Sch.11a)	48,097.63		48,097.63	
		Creditors	(Sch.11b)	3,000.00		-	
		Payables unclaimed		53,055.00		53,055.00	
		Accrued Expenses	(Sch.12)	792,373.30		623,933.36	
(5)	5	Total Current Liabilities		926,106.50		754,666.56	
(6)	6	Net Current Assets					
		Assets	(3) - (5)	3,517,162.72		5,253,717.18	
		Total	(1) + (6)	14,584,960.36		8,529,703.62	
		Financed by					
		Accumulated Fund					
		Balance at the beginning of the year		6,060,241.12		412,825.81	
		Net Adjustment		6,750,000.00			
				12,810,241.12		412,825.81	
		Government Grant -Capital		1,817,851.94		4,221,040.15	
		Income & Expenditure A/c		(2,766,948.58)		1,426,375.16	
		Balance at the end of the year		11,861,144.48		6,060,241.12	
		Other Funds					
		Revaluation Reserves		1,833,030.00		1,700,000.00	
		Gratuity Provision(Sch 13)		890,785.88		769,462.50	
				14,584,960.36		8,529,703.62	

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 Financial Assistant
 Date.....

.....
 Chairman /Director
 Date

National Council for Human Resources Development Revenue and Expenditure Account 2011

		Balance as at 2011.12.31	Balance as at 2010.12.31
		Rs	Rs
Notes		Cts	Cts
Income			
	Government grants-recurrent	10,218,907.73	10,553,800.00
	Government grants-capital	19,182,148.06	3,378,959.85
	Other income	88,019.06	53,579.44
	1.Total Income	29,489,074.85	13,986,339.29
Expenses-less			
	Salaries and emoluments	5,370,902.34	5,194,786.34
	Employee welfare	22,953.05	4,037.60
	Recreational activities	95,546.00	39,046.00
	Travelling allowance and subsistence	365,769.74	61,530.50
	Utilities and other services	2,474,060.05	1,932,506.18
	Maintenance costs	2,082,475.57	1,387,890.04
	Supplies	544,637.65	316,663.87
	Financial costs	93,237.09	91,766.89
	Library services	16,140.00	16,100.00
	NHRDC activities	19,182,148.06	3,378,959.85
		30,247,869.55	12,423,287.27
	2.Total expenditure		
	Surplus/ Deficits for the year	(758,794.70)	1,563,052.02
	Additions		
	Adjustments for the previous year	(2008153.88)	(136,676.86)
	Balance transfer for the cumulative fund	(2,766,948.58)	1,426,375.16

NHRDC Notes to the balance sheet

Non- current assets	Cost as at 2011.01.01	Adjustments (removals)	Cost as at 2011.01 after adjustments	Annex 1 Additions	Cost as at 2011.12.31	Depreciation for the 2011	Cumulative depreciation as at 2011.12.31	Written off value as at 2011.12.31	Written off value as at 2010. 12. 31
Buildings and structures	-	-	-	-	-	-	-	-	-
Furniture and fittings	1,190,167.33	(195,391.45)	994,775.88	296,454.19	1,291,230.07	105,160.40	114,475.54	1,176,754.53	908,060.74
Office equipment	934,235.25	(131,184.50)	803,050.75	500,295.20	1,303,345.95	89,120.51	201,683.32	1,101,662.63	669,987.94
Electrical equipment	187,581.25	(129,925.00)	57,656.25	-	57,656.25	2,720.00	16,237.65	41,418.60	36,638.60
Computers	1,608,285.75	(231,740.00)	1,376,545.75	936,480.00	2,313,025.75	278,289.09	878,520.43	1,434,505.32	766,084.41
Vehicles	1,700,000.00	-	1,700,000.00	6,750,000.00	8,450,000.00	340,000.00	1,360,000.00	7,090,000.00	680,000.00
Books	76,231.15	-	76,231.15	-	76,231.15	692.25	73,267.61	2,963.54	3,655.79
Other assets	473,792.06	(78,066.56)	395,725.50	18,140.00	413,865.50	26,605.94	193,372.48	220,493.02	211,558.96
	6,170,292.79	(766,307.51)	5,403,985.28	8,501,369.39	13,905,354.67	842,588.19	2,837,557.03	11,067,797.64	3,275,986.44

Note:Zero Book Value Assets were revalued in 2011.

Income and expenditure accounts notes

	For the year ended 31.12.2011		For the year ended 31.12.2010	
	Rs	Cts	Rs	Cts
Note 01	<u>Personnel emoluments</u>			
	Salaries and wages	3,146,005.25	3,296,615.33	
	Salaries for acting duties		0.00	
	Cost of Living allowances	1,023,750.00	1,043,062.50	
	E.P.F	453,720.41	478,790.11	
	E.T.F	113,430.14	119,697.54	
	Overtime allowances	180,886.24	72,043.20	
	Payments in lieu of holidays	41,087.16	10,475.16	
	Special allowances	131,248.26	-	
	Temporary salaries	50,700.00	-	
	Gratuity payments	230,074.88	174,102.50	
		<u>5,370,902.34</u>	<u>5,194,786.34</u>	
Notes 02	<u>Employee welfare</u>			
	Employee training and development	20,373.05	4,037.60	
	Medical fees		0.00	
	Other welfare of employees	2,580.00	0.00	
		<u>22,953.05</u>	<u>4,037.60</u>	
Notes 03	<u>Recreational activities</u>			
	Entertainment allowances	95,546.00	39,046.00	
		<u>95,546.00</u>	<u>39,046.00</u>	
Notes 04	<u>Travel expenses and and meeting allowances</u>			
	Local traveling fees and subsistence	152,528.50	31,630.50	
	Overseas travelling fees and subsistence	62,241.24	0.00	
	Council meeting allowances	98,000.00	23,000.00	
	Other	53,000.00	6,900.00	
		<u>365,769.74</u>	<u>61,530.50</u>	
Notes 05	<u>Utilities and other services</u>			
	Rental	43,555.52	43,555.52	
	Electricity	801,807.71	648,668.67	
	Water	41,352.72	37,511.04	
	Telephone bills	245,905.97	147,413.81	

	Postal and telex fees	5,390.00	6,745.00
	Janitorial charges	99,909.00	104,697.60
	Publicity	-	124,454.40
	Security service charges	360,000.00	151,298.40
	Email	77,599.95	9,031.64
	Other	798,539.18	659,130.10
		<u>2,474,060.05</u>	<u>1,932,506.18</u>
Note 06	Maintenance expenses		
	Buildings	7,210.00	65,000.00
	Furniture and fittings	-	45,000.00
	Vehicles	934,707.84	625,285.19
	Office equipment	215,771.97	79,629.42
	Computers	74,920.00	72,272.17
	Electrical equipment	7,277.57	9,695.00
	Other	-	21,915.00
	Depreciation	842,588.19	469,093.26
		<u>2,082,475.57</u>	<u>1,387,890.04</u>
Notes 07	Supplies		
	Stationary and other office equipment	106,831.65	29,550.23
	Fuel	437,806.00	287,113.64
		<u>544,637.65</u>	<u>316,663.87</u>
Notes 08	Financial costs		
	Audit fees	85,000.00	80,180.00
	Banking fees	8,237.09	11,586.89
		<u>93,237.09</u>	<u>91,766.89</u>
Notes 09	Library services		
	Newspapers	16,140.00	16,100.00
		<u>16,140.00</u>	<u>16,100.00</u>
Notes 10	NHRDC activities		
	Studies, census, researches and findings	43,100.00	676,875.00
	Seminars and workshops	15,268,510.75	2,437,804.85
	HRD projects	3,870,537.31	264,280.00
	Publications	-	0.00
		<u>19,182,148.06</u>	<u>3,378,959.85</u>
Notes 11	Adjustments for the previous year		
	Receivables	0.00	0.00
	Deductions –payments	2,008,153.88	136,676.86
		<u>(2,008,153.88)</u>	<u>(136,676.86)</u>

National Human Resources Development Council of Sri Lanka
Cash flow statement 2011

	Balance as at 2011.12.31		Balance as at 2010.12.31	
	Rs	Cts;	Rs	Cts
Cash flow from operational activities				
Surplus of cash for the year		(2766948.58)		1,426,375.16
Adjustments not affecting changes of funds				
Depreciation		842,588.19		469,093.26
Provision for gratuity		121,323.38		82,662.50
Operational surplus before the change in working capital		(1,803,037.01)		1,978,130.92
Increase/decrease – stocks		84,655.85		(120,742.77)
Increase/decrease – debtors		21,702.28		0.00
Increase/decrease – prepayments		(3,386.72)		(4,882.22)
Increase/decrease – employee loans		(159,895.17)		(535,430.92)
Increase/decrease – receivables				(1,770.00)
Increase/decrease – other advances		76,000.00		195,841.50
Increase/decrease – deposit payments				(70,000.00)
Increase/decrease – other deposit payments		3,000.00		(100,700.00)
Increase/decrease – payable expenses		168,439.94		(151,850.39)
Funds generating cash flow from operational activities				1,188,596.12
Cash flow from investment activities		(1,612,520.83)		
Purchasing furniture		(296,454.19)		(859,111.88)
Purchasing office equipment		(500,295.20)		(651,777.00)
Purchasing electrical equipment		0		(1,300.00)
Purchasing computers		(936,480.00)		(494,070.00)
Purchasing books		-		0.00
Purchasing other assets		(18,140.00)		(133,280.00)
Funds generated from investment activities		(1,751,369.39)		(2,139,538.88)
Cash flow from financial activities		-		0.00
State grants-capital		1,817,851.94		4,221,040.15
Other funds				
Net increase-cash and cash equivalents		(1,546,038.28)		3,270,097.39
Cash and cash equivalents –opening balance		4,041,362.07		771,264.68
Cash and cash equivalents-closing balance		2,495,323.79		4,041,362.07

**National Human Resources Development Council
Annexes of the balance sheet**

Annex 1

Non Current Assets- Additions During the Year of 2011

	<u>2011</u>	<u>2010</u>
<u>Building and Structures</u>	-	-
<u>Furniture & Fittings</u>		
1 No Ex-Hi Back Chair	11,011.50	11,238.50
3 Nos Ex- Chair Mid Back	24,628.14	-
8 Nos Ex-Chair Low Back	62,714.96	67,260.00
3 Nos Writing Table with Keyboard Drawer	45,884.61	-
8 Nos Writing Table with Side Return	118,214.98	-
Office Partician	34,000.00	591,435.00
Half Door Cupboard	-	10,355.00
Conference Table	-	24,250.00
4 Nos Wooden Computer Tables	-	29,000.00
Sofa Set	-	56,200.00
2 Nos Drawer Filling Cabinet	-	30,217.60
8 Nos Typist Chair with Arm	-	39,155.20
	<u>296,454.19</u>	<u>859,111.30</u>

Office Equipment

7 Nos Glass Pads	24,370.00	-
2 Nos Filling Cabinet	30,217.60	-
3 Nos CDMA Phones	18,300.00	-
1 No Finger Print Machine	98,369.60	-
1 No CLI Phone with ADSL Spitter	2,510.00	-
2 Nos Stand Fans	7,998.00	-
1 No Video Camera	52,990.00	-
1 No Tripod for Video Camera	3,995.00	-
1 No Sound System	197,000.00	-
Equipment for Sound System	50,000.00	-

Equipment for Video Camera	11,545.00	-
1 No CDMA Phone	3,000.00	4,607.00
Note Book Bag	-	2,500.00
VIP Office Bag	-	9,995.00
2 Nos Fax Machine	-	34,720.00
Photo Copy Machine	-	304,080.00
Multimedia Projector	-	173,600.00
Wallmount Screen	-	21,280.00
Mobile Phone	-	13,800.00
Sony DSC-W320 Camera	-	18,990.00
Sony DSC-H55 Camera	-	39,990.00
Digital Voice Recorder	-	9,490.00
4 Port Router	-	5,805.00
4 Nos Mobile Phones	-	12,920.00
	<u>500,295.20</u>	<u>651,777.00</u>

Electric Item

Electric Bell	1300.00	-
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Computers

1 No DV7/3/80 Note Book Computer	160,000.00	-
1 No Sound Cable for Note Book Computer	1,130.00	-
5 Nos Acer VX490GW7pci 33 Computers	472,250.00	352,000.00
1 No Portable Hard Disk	12,700.00	-
1 No 16 GB Data Traveller-Kingston	2,400.00	-
1 No Note Book Cooling Plate & Wireless Mouse	5,500.00	-
2 Nos Lap Top Computers- HP Pavilion DV6	280,000.00	-
1 No Data Traveller	2,500.00	1,200.00
Dongle	-	6,990.00
Colour Printer	-	36,000.00
2 Nos Printers	-	71,000.00
4 Nos UPS Power Tree	-	26,880.00
	<u>936,480.00</u>	<u>494,070.00</u>

Vehicles

Toyota Corolla Car WP-KR 5775	<u>6,750,000.00</u>	-
	<u>6,750,000.00</u>	

Books

Other Assets

1 No Notice Board & Key Board	16,200.00	-
1 No Bell	1,940.00	-
Name Board & Section Board	-	22,700.00
Curton	-	54,080.00
Glass Pad	-	4,500.00
Main Name Board	-	52,000.00
	<hr/>	<hr/>
	18,140.00	133,280.00

Annex 2

Debtors

Ministry Of Youth Affairs & Skills Development	21,702.28
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Annex 3

Other Advance

NIBM	-	76,000.00
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Divisional Secretary

Kuruwita	650.00	650.00
Ukuwela	300.00	300.00
Bamunakotuwa	100.00	100.00
Akmeemana	500.00	500.00
Kamburupitiya	650.00	650.00
Karandeniya	250.00	250.00
Sevanagala	400.00	400.00
Pelmadulla	500.00	500.00
Ratmalana	450.00	450.00
Balangoda	250.00	250.00
Godakawela	150.00	150.00
Rambukkana	550.00	550.00
Lunugamwehera	150.00	150.00
Tamankaduwa	1,200.00	1,200.00
Neluwa	100.00	100.00
Tambuttegama	200.00	200.00

Galenbindunuwewa	4,290.00	4,290.00
Mawanella	350.00	350.00
Dodangoda	150.00	150.00
Hikkaduwa	450.00	450.00
Kesbewa	1,000.00	1,000.00
Ambalangoda	300.00	300.00
Akuressa	600.00	600.00
Batticaloa	2,980.00	2,980.00
Kesbawa	3,712.50	3,712.50
Bulathsinghala	100.00	100.00
Matugama	400.00	400.00
Uwa Paranagama	1,000.00	1,000.00
Kesbawa	307.50	307.50
Badulla	900.00	900.00
Ambalantota	300.00	300.00
Baddegama	600.00	600.00
Galle	2,900.00	2,900.00
Negambo	300.00	300.00
Kolonnawa	350.00	350.00
Habaraduwa	300.00	300.00
Minuwangoda	750.00	750.00
Bandarawela	2,400.00	2,400.00
Moneragala	500.00	500.00
Dimbulagala	4,252.50	4,252.50
Madulla Dambagalla	850.00	850.00
Weliwitiya	135.00	135.00
Badulla	2,235.00	2,235.00
Kurunegala	250.00	250.00
Suriyawewa	350.00	350.00
Ambalantota	250.00	250.00
Badampe	700.00	700.00
Kuliyapitiya	1,137.00	1,137.00
Mahara	3,765.00	3,765.00
Negambo	1,042.50	1,042.50
Sooriyawewa	660.00	660.00
Kelaniya	795.00	795.00

Madulla	150.00	150.00
Maharagama	300.00	300.00
	<u>48,212.00</u>	<u>124,212.00</u>

Annex 4

Fuel Advances

- -

Annex 5

Prepayments

Registration	253-7651	102.06	96.44
	19-6608	18.27	-
	KR-5775	3260.52	-
Insurance	253-7651	2763.18	3418.80
	19-6608	9417.09	9946.89
Photocopy machine service agreement		11172.93	10363.38
Lift maintenance agreement		<u>8256.43</u>	<u>7778.25</u>
		<u>34,990.48</u>	<u>31,603.76</u>

Annex 6

Distress Loan

J.A.C.P.Jayasinghe	212119.96	208900.00
S.N.Jayaneththi	104000.00	135200.00
W.H.E.Jayarathne	111227.37	133413.00
A.V.D.B.Perera	-	128923.17
K.G.P.B. Wijesinghe	132382.36	85514.17
G.M.Pinnaduwa	123218.00	98315.56
K.B.G Chamini	115347.48	144184.32
K.A.M.Damayanthi	124559.70	127774.99
C.R.Maddage	137325.36	124017.57

C.K.Jayasekara	99271.53	129053.01
K.S.N.Perera	116,550.46	146954.98
K.G.C.M.Dilrukshi	-	-
M.K.A.N. Sandamali	123766.71	155366.67
M.Perusinghe	131250.00	-
S.A.P.Priyanga	134,427.53	-
M.K.P.Lakmal	113066.69	-
	<u>1778513.15</u>	<u>1617617.98</u>

Annex 7

Festival Advance

J.A.C.P.Jayasinghe	1000.00	1000.00
S.N.Jayaneththi	1000.00	1000.00
W.H.E.Jayaratne	1000.00	1000.00
A.V.D.D.Perera	-	1000.00
K.G.P.B. Wijesinghe	1000.00	1000.00
G.M.Pinnaduwa	1000.00	1000.00
K.B.G Chamini	1000.00	1000.00
K.A.M.Damayanthi	1000.00	1000.00
C.R.Maddage	1000.00	1000.00
C.K.Jayasekara	1000.00	1000.00
K.S.N.Perera	1000.00	1000.00
K.G.C.M.Dilrukshi	-	-
M.K.A.N. Sandamali	1000.00	1000.00
M.Perusinghe	1000.00	1000.00
M.K.Pradeep Lakmal	1000.00	1000.00
	<u>13000.00</u>	<u>14000.00</u>

Annex 08

Receivables

National Paper Company	<u>1770.00</u>
	<u>1700.00</u>

Annex 09

Petty Cash	-	-
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Annex 10

Bank balances

People's Bank	475803.68	219869.79
Bank of Ceylon	<u>2019520.11</u>	<u>3821492.28</u>
	<u>249,5323.79</u>	<u>4041362.07</u>

Annex 11

Deposit payments

IWSS research	4580.57	4580.57
NVQ certificate recipients deposits –Galle	19,000.00	19,000.00
NVQ certificate recipients deposits – Beliatta	6000.00	6000.00
	<u>29580.57</u>	<u>29580.57</u>

Annex 11 a

Capacity establishment Program

Opening balance 01.01.2010	48097.63	148797.13
Less expenses		
Environment Management Company	<u>-</u>	<u>100700.00</u>
	<u>48097.63</u>	<u>48097.63</u>

Annex 12

➤ **Accrued expenses**

-	180.00
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Audit fees –NBT-2005		
Audit fees -2010	85000.00	80000.00
Audit fees- 2011	80000.00	-
Electricity	64223.36	51102.79
Water bills	2890.85	3860.31
Janitorial service charges	-	8724.80
General maintenance	1793.52	1543.00
Telephone bills	42141.43	10887.21
Payable salaries	9000.00	30,000.00
Payable overtime	14857.00	20383.78
Payable travelling expenses	3850.00	2625.00
Payable fuel charges		20700.00
Payable email	3188.85	3927.62
Payable seminars and workshop charges –Triad		29998.85
Media		
Holiday payments	527.00	-
Sumithra Enterprises-Newspaper bills	1470.00	-
Youth Service Ltd	39118.42	-
ANCL	24192.00	-
Sri Lanka Insurance	1075.87	-
National Vocational Training Institute	59045.00	-
Dropout Study- Prof. H.D.Karunaratne	<u>360000.00</u>	<u>360000.00</u>
	<u>792373.30</u>	<u>623933.75</u>

Annex 13

Gratuity allocations		
A.V.D.D.Perera	9886.50	91900.00
W.H.E.Jayaratne	101227.50	84735.00
K.G.P.B.Wijesinghe	98865.00	82710.00
G.M.Pinnaduwa	105952.50	84735.00
K.B.G.Chamini	105952.50	88717.50

C.R.Maddage	105952.50	88717.50
C.K.Jayasekara	109260.00	91440.00
K.S.N.Perera	121167.75	102450.00
K.G.C,M.Dilrukshi	-	-
J.A.C.P. Jayasinghe	28167.75	13070.00
M.Perusinghe	22566.00	10500.00
S.N.Jayaneththi	22681.50	10532.50
M.K.A.N. Sandamali	22681.50	10532.50
K.A.M.Damayanthi	20277.00	9422.50
S.A.P.Priyanga	11227.88	-
M.K.P.Lakmal	<u>9645.00</u>	=
	<u>890785.88</u>	<u>769462.50</u>

Annex 14

➤ Debtor Age Analysis

Debtor	Credit Period (Yrs)	Amount Rs.	Amount Rs.
NIBM	06	-	76,000.00
Divisional Secretary	04	48,212.00	48,212.00
Ministry of Youth Affairs and Skills Development	02	-	<u>21,702.00</u>
		<u>48,212.00</u>	<u>145914.28</u>

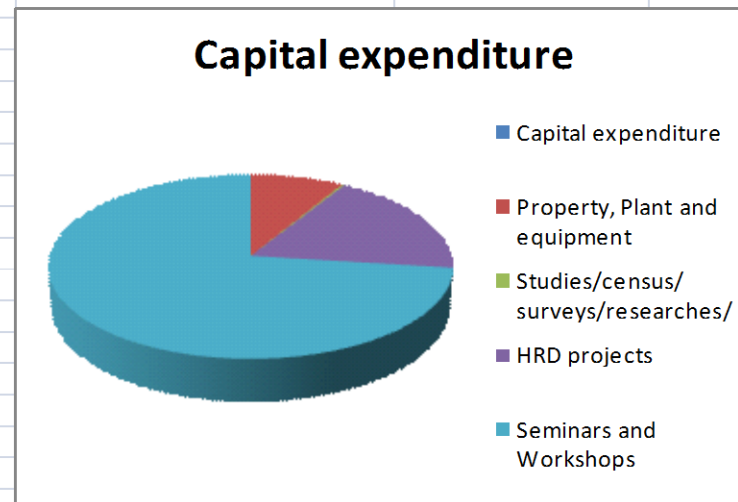
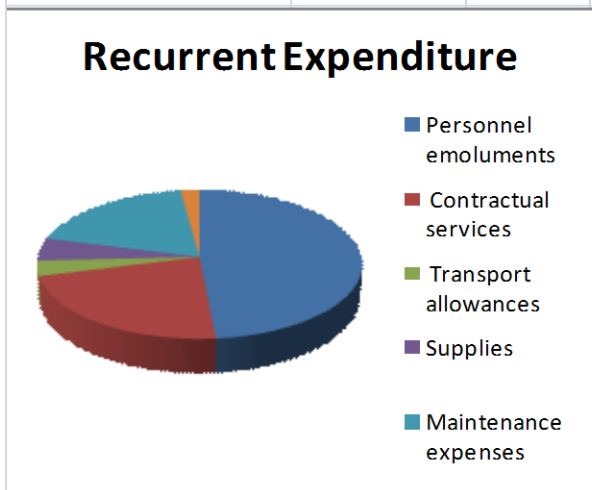
Extraction of Financial Information 2011

<u>Expenses</u>	Estimate 2011 Rs	Actual Expenditure Rs 2011	Estimate as a percentage of expenses
Recurrent expenditure			
Personal emoluments			
Salaries and wages	4,576,000.00	4,410,903.00	96.39
E.P.F	568,000.00	453,720.00	79.88
E.T.F	180,000.00	113,431.00	63.02
Salaries for acting posts	0.00	0.00	0.00
Overtime allowances	274,000.00	166,029.00	60.59
Holiday payments	196,000.00	40,560.00	20.69
Gratuity payments	180,000.00	108,752.00	60.42
	<u>5,974,000.00</u>	<u>5,293,395.00</u>	<u>88.61</u>
 <u>Travelling expenses</u>			
Local	326,000.00	299,679.00	91.93
Overseas	250,000.00	62,241.00	24.90
	<u>576,000.00</u>	<u>361,920.00</u>	<u>62.83</u>
 <u>Supplies</u>			
Stationary	150,000.00	22,176.00	14.78
Fuel	506,000.00	437,806.00	86.52
Other	10,000.00	0.00	0.00
	<u>666,000.00</u>	<u>459,982.00</u>	<u>69.07</u>
 <u>Maintenance expenses</u>			
Vehicles	406,000.00	398,486.00	98.15
Property, plant and equipment	312,000.00	299,256.00	95.92
Buildings and structure	9,000.00	7,210.00	80.11
Furniture	0.00	0.00	0.00
Other	0.00	0.00	0.00
	<u>727,000.00</u>	<u>704,952.00</u>	<u>96.97</u>
 <u>Contracted services</u>			
Rented vehicles	480,000.00	480,000.00	100.00
Telephone	279,000.00	278,176.00	99.70

Postal charges	10,000.00	5,390.00	53.90
Electricity	816,000.00	673,361.00	82.52
Water	46,000.00	35,571.00	77.33
Janitorial services	104,000.00	90,791.00	87.30
Charges for Security	360,000.00	330,000.00	91.67
Rental	44,000.00	43,556.00	98.99
Other	788,000.00	778,997.00	98.86
	<u>2,927,000.00</u>	<u>2,715,842.00</u>	<u>92.79</u>
Other			
Employee welfare	48,000.00	22,953.00	47.82
Contributory fees	19,000.00	14,670.00	77.21
Entertainment allowances	99,000.00	95,546.00	96.51
Payments for previous year	194,000.00	193,564.00	99.78
Employee loan fund	270,000.00	270,000.00	100.00
	630,000.00	596,733.00	94.72
Total Recurrent expenditure	<u>11,500,000.00</u>	<u>10,132,824.00</u>	<u>88.11</u>
Capital expenditure			
Acquisition of fixed assets	1,250,000.00	1,151,275.20	92.10
Furniture	800,000.00	296,454.19	37.06
Other	250,000.00	18,140.00	7.26
	<u>2,300,000.00</u>	<u>1,465,869.00</u>	<u>63.73</u>
Other Capital expenditure			
NHRDC activities			
Studies/census/researches /surveys	43,100.00	43,100.00	100.00
Seminars and workshops	15,333,000.00	14,836,492.00	96.76
HRD projects	4,153,100.00	4,585,055.31	110.40
Publications	0.00	0.000	0.00
	19,529,200.00	19,464,648.06	99.67
Total Capital Expenditure	<u>21,829,200.00</u>	<u>20,930,517.45</u>	<u>95.88</u>

Extraction of Financial Information 2011

Recurrent Expenditure			Capital expenditure		
Personnel emoluments			Property, Plant and equipment		1,751,369.39
	5,370,902.34		Studies/census/ surveys/researches/ HRD projects	}	43,100.00
Contractual services			Seminars and Workshops		3,870,537.31
	2,474,060.05		Total		20,933,517.45
Transport allowances					
	365,769.74				
Supplies					
	544,637.65				
Maintenance expenses					
	2,082,475.57				
Other					
	227,876.14				
Total	11,065,721.49				





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கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංක
எனது இல
My No.

PY/B/NHRDC/2011/FA

ඔබේ අංකය
உமது இல
Your No.

14 November 2012

The Chairman
National Human Resources Development Council of Sri Lanka.

Report of the Auditor General on the Financial Statements of the National Human Resources Development Council of Sri Lanka for the year ended 31 December 2011 in terms of Section 14(2)(c) of the Finance Act, No.38 of 1971

The audit of financial statements of the National Human Resources Development Council of Sri Lanka comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No.38 of 1971 and Section 24 of the National Human Resources Development Council of Sri Lanka Act No. 18 of 1997. My comments and observations which I consider should be published with the Annual Report of the Council in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was issued to the Chairman of the Council on 15 May 2012.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

අංක 306/72 පොල්දූව පාර,
බත්තරමුල්ල, ශ්‍රී ලංකාව

දුරකථනය
தொலைபேசி
Telephone } 2887028 -34

இல. 306/72, பொல்துவ வீதி,
பத்தரமுல்லை இலங்கை

ෆැක්ස් අංකය
பக்ஸ் இல
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Battaramulla, Sri Lanka

ඉලෙක්ට්‍රොනික් තැපෑල
#- மெயில்
E-mail. } oaggov@slt.net.lk

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Subsections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the National Human Resources Development Council of Sri Lanka as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

A sum of Rs.8,567,852 received by the Council as government grants during the year under review had not been brought to accounts in terms of Sri Lanka Accounting Standards No. 24.

2.2.2 Accounting Deficiencies

In preparing the draft financial statements, differences of Rs.68,915 with the ledger were observed by us and it had been subsequently rectified and submitted the revised financial statements. However, the possibility of existence of further such accounting deficiencies in the accounts could not be ruled out.

2.2.3 Unreconciled Control Accounts

There was an unreconciled balance of Rs.282,452 between the value shown in the income and expenditure account as human resource development activities of the Council during the year 2011 and the value shown in the annual progress report as activities performed during that year.

2.2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances with laws, rules, regulations and management decisions were observed.

Reference to Laws, Rules,
Regulations and Management
Decisions

Non-compliance

(a) Acts of Parliament

(i) Section 8(1) of the
Finance Act No. 38 of
1978

Although the draft budget should be submitted to the Board of Directors and get it approved before 3 months of the commencement of the financial year, the budget estimate for the year 2011 had been submitted to the Board of Directors only on 29 March 2012.

(ii) Payment of Gratuities Act
No. 12 of 1983

Gratuities provided had not been invested to meet the future liabilities.

(b) Financial Regulations (F.R)
F.R. 371 (2)(b)

Although an ad-hoc imprest should not be obtained in excess of Rs.20,000 , the value of payments made in excess of Rs.20,000 in 23 instances totalled Rs.1,340,000.

(c) Government Procurement
Guidelines
Paragraph 1.2.1

Furniture and office equipment valued at Rs.3,483,317 had been purchased without following the approved procurement procedure in 18 instances.

(d) Circulars

Public Enterprises Circular No.

PED/12 of 02 June 2003

- | | |
|---------------------------|--|
| (i) Sub-paragraph 5.2.6 | A budgeted income and expenditure statement, cash flow statement for the year under review and a budgeted balance sheet as at the last date of the year under review had not been prepared and presented along with the budget. |
| (ii) Sub-paragraph 6.5.1 | The draft annual report should be submitted to the Line Ministry and the Department of Public Enterprises with a copy to the Auditor General before 60 days after the closure of financial year. Nevertheless, action had not been taken accordingly since 2005 to date. |
| (iii) Sub-paragraph 7.4.2 | The Senior Management Committee had not been established. |

03. **Financial Review**

The operation of the Council for the year under review had resulted in a deficit of Rs.758,795 as against the surplus of Rs.1,563,052 for the preceding year, Decrease in government recurrent grants by Rs.334,893 and increase in recurrent expenditure by Rs.2,021,393 had been the special reasons for the deterioration of financial results amounting to Rs.2,321,847 for the year under review as compared with the preceding year.

4. Operating Review

4.1 Performance

The following observations are made.

- (a) Any of the key duties and functions whatsoever stated in Section 14(1) of the Act by which the Council had been established such as providing advice to the Minister regarding all aspect of the national Human Resource policy, forwarding human resource development plans and programmes in conformity with the national policy, recommendations to the Minister in respect of changes to be made to the national human resource policy and to the plan and programmes being implemented and to find out the implementation of the human resource development plans approved by the government had not been carried out by the Council during the year under review.
- (b) The expenditure incurred on human resources development which is the key objective of the Council, as a percentage of total recurrent expenditure is given below.

Year	Total recurrent expenditure	Human resource development expenditure	Human resource development expenditure as a percentage of total recurrent expenditure
-----	-----	-----	-----
	Rs.	Rs.	%
2005	5,152,941	844,454	16.4
2006	5,868,600	692,147	11.8
2007	6,086,767	535,632	8.8
2008	6,728,939	659,801	9.8
2009	8,675,394	1,540,029	17.7
2010	12,423,287	3,378,959	27.2
2011	30,247,869	19,182,148	63.42

After deducting the expenditure incurred on electronic and media advertisement amounting to Rs.9,939,546 out of the total human resources development expenditure for the year 2011, the percentage of human resources development from the total recurrent expenditure was not 63.42 but was less value as 48%.

available as a training Institute. However, this purpose could not be achieved due to the non availability of training opportunities in that Institute to suit the vocational training that they expected according to their educational qualifications.

- (vi) This project could not be reached its objectives up to now due to implementation of this project depending only on solely attractive publicity without doing a pre-study on the targeted sample and their expectations.

(d) **"Unemployment to Employment" Project**

A very special project, namely "Unemployment to employment" had been commenced in the year 2012 parallel to the "Deyata Kirula National Development Programme" with the objectives that the registration of unemployed persons in the Anuradhapura District at the Divisional Secretariat level and publish in the web-site of the Council, registration of private institutions which could provide employment and refer them for private sector employment. To achieve those objectives, an agreement had been entered into with a Human Resource Management consultant on 05 July 2011.

The following observations are made in this regard.

- (i) Even though the contractual value of this project was Rs.1,248,000 , this had not been referred for a competitive bidding in terms of Chapter 03 of the Procurement Guidelines. Similarly, the pre-qualification of this supplier, in terms of sub paragraph 3.12 of that Chapter had not examined and a certificate, ensuring that the service had been carried out in accordance with the provisions in the agreement, had not been issued by the officer in charges in terms of Sub-paragraph 8.12.4.
- (ii) Although the project should have been completed by 31 March 2012, the number of registered unemployed persons input to the data base amounted

to 790 even by the date of audit on 27 April 2012. However, the Council had failed to provide information, such as how many people had been employed and the number of registered private institutions etc. for audit. None of this information was available with the officer in charge of the subject as well.

- (iii) According to the data bank, the number of persons expected employment within the Anuradhapura District amounting to 790 had been of contentious and as such, it is questionable in audit that the contractor who had undertaken this service had given his service as expected. Similarly, a sum of Rs.2,218,153 incurred on this project had become a fruitless expenditure as non-registration of private institutions required for the employment of registered unemployed persons and there were no such persons employed.

(e) **Year of Human Resources**

The Council had identified the year 22 September 2011 to 22 September 2012 as the year of human resources development and it was planned to present an amateur TV singing Programme named as "Nipunatha Sanda". A sum of Rs.3,082,453 had been spent for advertisement on this programme. Except the publication of newspaper advertisement, there was no progress in this project even up to 27 April 2012.

(f) **Public Awareness Programme**

According to the Action Plan for the year 2011, it was planned to hold 12 programmes during the year but only one programme was held by participating only 129 persons. The total expenditure of Rs.91,524 comprising a sum of Rs.78,624 for paper advertisements and Rs.12,900 for workshops had been spent.

(g) **Abandonment of Projects Without being Completed**

The following development projects commenced by the Council during the year 2010 had been abandoned without being commenced.

- (i) As agreed with a University Professor, a survey had to be done on drop out of students from courses and the relevant report should have been handed over on or before 10 April 2010 but it had not been done and the expenditure incurred thereon amounted to Rs.76,875.
- (ii) Although the prime objective of the F-3 programme commenced on the instructions of the Hon. Minister was to give instant training to those who had failed in the GCE (A/L) and O/L) examinations and become destitute, by a special vocational guidelines programme and to make them employment, non of the students had been provided with employment. Further, the present progress of the 9737 students who had participated in a few day training had not been even followed up. A sum of Rs.5,601,870 had been spent on this from December 2010 to April 2011, out of which a sum of Rs.5,066,419 or 90% had been spent on electronic and written media advertisements.

5. Accountability and Good Governance

5.1 Corporate Plan

In terms of Sub-paragraph 5.1.2 of the Public Enterprises Circular No. PED/12 dated 02 June 2003, a review of financial results of the preceding 3 years had not been included in the Corporate Plan prepared for the period from 2010 to 2014. Similarly, the annual progress could not be financially evaluated as the financial values of the targets to be achieved had not been included therein. Further, the reviewed Corporate Plan for the period from 2011 – 2015 had also not been prepared even as at the date of audit on 08 May 2012.

5.2 Action Plan

The action plan for the year 2011 had been approved with amendments only on 29 March 2012, that is after 3 months of the year under review. The effectiveness of a plan prepared after the end of the relevant year would be problematic in audit as the objective of an annual action plan is to establish the expected functions to be achieved in the next year in agreement with the existing objectives of the Council and to incur expenditure with a proper management.

According to the original action plan approved for the year 2011 the progress is as follows.

- (a) Eight programmes valued at Rs.8,570,000 as stated in the annual action plan for the year 2011 had not been implemented.
- (b) A sum of Rs.3,086,400 had been spent during the year for the programme, named as "year of Human Resources" which had not been included in the annual action plan for the year 2011.
- (c) A provision of Rs.625,000 had been made in the action plan for 50 sub-programmes at Rs.12,500 per programme scheduled to be carried out under one major programme. However, a sum of Rs.14,853,000 had been incurred for carrying out only 38 sub-programmes. Accordingly, the expenditure incurred to conduct one programme amounted to Rs.390,868 and it represented material percentage of 3127 from the expected expenditure.

5.3 Internal Audit

An internal audit unit had not been established in the Council, although the Council annually incurred a recurrent expenditure of more than Rs.30 million and the activities of the Council had been audited by the Internal Audit Division of the Ministry of Youth Affairs and Skills Development.

5.4 Budgetary Control

In considering the variances between the budgeted expenditure and the actual expenditure of the year under review, a considerable variances of Rs.3,489,511 in 8 expenditure items was observed thus the budget had not been made use of as an effective instrument of financial control.

6. Systems and Control

Weaknesses in systems and control observed during the course of audit were brought to the attention of the Chairman of the Council from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Supplies and Services
- (c) Budgetary Control
- (d) Internal Audit
- (e) Implementation of Projects

H.A.S.Samaraweera
Auditor General

Report of the Auditor General on the Financial Statement of the National Human Resource Development Centre for the year ended 31 December 2011 in terms of Section 14 (2) (c) of the Finance Act, No. 38 of 1978.

Part 2

Finance Statement

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

Not agreed.

<u>Description</u>	<u>Difference (Rs.)</u>	<u>Relevant Expenditure Head</u>	<u>Reason</u>
Vehicle maintenance credited And Repair	1,800/-	393	The amount monthly for 12 months by Rs. 150 under No. 393 of the ledger
Electricity 15/11	64,224/-	372	Journal No.
Water 15/11	2,891/-	373	Journal No.
	<u>68,915/-</u>		

(b) Not agreed.

The difference between the amount mentioned in the Income Expenditure Account as human resource development activities of the Council within the year 2011 and the amount mentioned in the annual performance report as the activities completed within the same year is Rs. 282, 500. The reason is the total amount of two laptop computers worth Rs. 280,000 and one pen drive worth Rs. 2,500/-. That total amount was added to the fixed asset procuments by Journal No. 03/11 when the final accounts were prepared.

2.2.3 Non- compliance with Laws, Rules, Regulations and Management Decisions.

(a) Statutes

(I) Section 8 (1) of the Finance Act, No. 38 of 1971

Agreed.

Steps will be taken to correct this in the year 2012.

(II) The provisioned gratuity allowances were not invested to face any future liabilities as per the Payment of Gratuity Act, No. 12 of 1983 as there was only an accounting provision without any financial allocation.

(b) Financial regulations

Sub paragraph (b) of F. R. 371.2

Agreed.

The maximum advance of Rs. 20,000/- was not practical in giving advances as the staff in our office for implementing projects was limited to three. Further, advances exceeding Rs. 20,000/- had to be given to implement outstation Projects island wide.

(c) State Procurement Guidelines

Sub paragraph 1.2.1

Agreed.

Steps will be taken to correct this in the year 2012.

(d) Circulars

Public Finance Circular No. PED/12 dated 02 June 2003

(I) Sub paragraph 2.2.6.

Agreed.

Steps will be taken to correct this in the year 2012.

(II) Sub paragraph 6.5.1.

Not agreed.

The 2006, 2007 and 2008 Annual Reports have been submitted to Parliament and the 2010 draft Annual Report has been prepared and forwarded for Sinhala and Tamil translations. The 2011 Report is being prepared.

(III) Sub paragraph 7.4.2.

Agreed.

PART - 03

Financial Review

3.1. Financial Results

Agreed.

3.2. Analytical Financial review.

Agreed.

PART 04

4.1. Performance

(a) Not agreed.

The Total Recurrent Expenditure in the note should be corrected as the Total Expenditure and the Human Resources Development Expenditure as a percentage of the Total Recurrent Expenditure should be corrected as the Human Resources Development Expenditure as a percentage of the Total Expenditure.

(b) W- 9 Programme

The W – 9 Programme should be corrected as W – 9 Programme. Further the W – 9 is only the file name of this programme and its project name is the **National Mission to Empower the GCE (O/L) failed Students.**

(I) Agreed.

As this programme was implemented in Sri Lanka for the first time within this year, electronic and printed media publicity was employed to implement this project among the public and get their attention to it.

As it was discovered from our research, this is a grave social issue in the society and media propaganda was essential to get the assistance of various parties, and public ideas and proposals and it added a high value to the project.

(II) Not agreed.

The object of the project mentioned above part (b) is to empower the GCE (O/L) failed Students. The statistics were used for the research purpose only.

The above project was successfully implemented for all the students applied to our institute.

(III) Not agreed.

It is mentioned under No. 4 Study Methodologies in the Project Report that it is expected to implement the above project within the 25 districts and this number would change as required. Therefore around 14 district seminars were conducted as per the practical circumstances.

All the students participated at the district seminar were provided with a vast knowledge including vocational guidance and the students who had consented, participated in the camp with the consent of their parents. Residential camps were conducted for students who had consented to participate in the camps of all districts where seminars were held.

(IV) Agreed.

A number of expert committees were conducted as this was a grave social issue. They were unable to prepare any definite programme on this as it is a serious social issue.

(V) Not agreed.

We identified that the GCE (O/L) failed students do not have any training institute to follow any vocational courses as they expect. As a result of the continuous discussions we had with the Minister and all the vocational training institutes, we were able to provide them the opportunity of following

the NVQ Level 01 without any fundamental qualification. It is one major achievement acquired through this project.

(VI) Not agreed.

The above (b) (I) have shown the need of an attractive publicity of this project. A preliminary inquiry on the issues faced by randomly selected students was carried out before the implementation of the above project and those findings were discussed with the expert committee and we tried to prepare a scheme for it. After their expectations were identified, the residential workshop was conducted with the aim of fostering appositive attitude towards society and encouraging them to win life through their skills by realizing that “though we are socially marginalized and have failed examinations with a defeating mind, you have not failed in life”. We have implemented a gradual, practical and regular programme to enhance their skills and building their personality.

We have witnessed through the eyes of those children who leave for homes after the completion of the programme that they are no more losers but they still have more means to win life. Further, their parents have appreciated the change they have seen in their children. Both the statistical data and its quality are equally important to measure the success of the project.

Our ability to create a mental condition in the children that could take them to their expected goals in life by the end of the residential camp was a success the project had achieved.

(c) **“Security through Employment” Project**

This project was implemented as per the request made by the Hon. Deputy Minister of our Ministry, parallel to the 2012 Deyata Kirula national development programme with the objectives of providing vocational qualification to the youth in the Divisional Secretaries of the Anuradhapura district and changing their attitude towards the employment in the private sector and directing them for employment in the private sector.

After it was shown by this project which was instructed to be commenced immediately apart from the 2011 Action Plan, to the Hon. Deputy Minister that the lack of employees in the institute was a major issue, it was advised to obtain the assistance of a Consultant and some officers on contract basis.

(I) Not agreed.

When instructions were received to implement the above project, the mobile service programme which was carried out in the weekends had already commenced and steps were taken to call for tenders on the terms of the project though it was necessary to implement it rapidly.

Accordingly, after discussions with the consultant who had agreed to our conditions were made and after the qualifications his and other officers were examined, the project activities were handed over by way of a valid agreement and the project was carried out under the complete supervision of the institution officers.

After the Officer in Charge had assured that the consultant had performed his service to his best, his assistance to our other projects had been obtained even after the project was successfully completed.

This is further emphasized by the statement made by the Hon. Deputy Minister at an live internet interview made at our exhibition hall at the Deyata Kirula national exhibition that the project was successfully implemented. The whole video of the said instance is in our possession and we have informed of such to the audit officers.

(II) Agreed.

The few persons who had come to obtain our service from the mobile service programmes of the above project, implemented within the Divisional Secretaries were inquired if they had obtained any vocational training and those who did not have such training were forwarded to vocational institutions of our Ministry.

Majority of the youth who had come with the expectation to secure an employment in the public service, were shown the importance of obtaining a private sector employment but they still seek to have the same attitude. Therefore only those who had consented to be employed in the private sector were registered.

A national vacancy database titled “the National Employment Matching Centre” was launched by His Excellency the President on 05.02.2012 at the Oyamaduwa Deyata Kirula exhibition and hence extending the programme on employing the youth. The details of all the candidates who were registered at the Deyata Kirula mobile service were incorporated to our website with their colour photographs and they were given the opportunity of being recruited by the registered private companies after their qualifications were examined. Through the nhrdc.net national employment database we have provided the job candidates and employers the opportunity to interact with each other freely and with no cost. However the number and details of some recruitment have not been provided by the job agents to us.

The number of the registered private institutions varies as the above website is daily updated. Details of the private institutions registered by the audit date were provided to the audit officers and this information can be observed even at present through the nhrdc.net website.

(III) Not agreed.

All the organizational activities of the mobile service programme, implemented in the week ends in each Divisional Secretariat under the “Anuradhapura District development Week” which was carried out in concurrence to the Deyata Kirula national exhibition, were done by Divisional Secretariats. The responsibility to get the attendance of the public to the mobile service vests with its organizational board. When providing various mobile services to the public by around 50 institutions they tend to

provide solutions to the most sensitive issues of the people. Therefore providing facilities such as water, and electricity, construction of roads, permanent solutions for housing issues, obtaining deeds for land, National identity cards, spectacles and medicinal drugs which are some of the most sensitive issues of the people were given priority in settling matters. The location and the facilities provided to conduct the mobile services by the Organizational Committee also has an impact on this matter.

The participants who had attended our services as mentioned above (II), and who did not have any vocational qualification were referred to the residential training and those who had consented to obtain employment from the private sector were registered. However the majority of them come with the intention of securing a government employment. We conducted a consultancy service on the importance of focusing on the private sector.

The Hon. Deputy Minister also had the intention of making the general public aware of the importance of seeking employment from the private sector. We have fulfilled this matter through some creative and controversial advertisements in the printed media.

The census and statistics data on the Anuradhapura district show that the number of the employed persons is comparatively low in the district. The youth's reluctance to leave behind their lands and houses and be employed at distance areas is another important matter discovered through the discussions with them.

There are photographs and video recordings on the above mobile service programmes which can be taken as evidence for the service we have performed. Some parts of them have been given to the audit officers by us.

We appreciate if the success of the project is evaluated taking into consideration the practical aspects as mentioned above.

(d) Special surveys and assessments

Our Council is vested with the power to conduct any special surveys and assessments that are assigned from time to time by the Minister in charge of the subject. It has included 4 researches into the Action Plan to be implemented as required.

(I) Not agreed.

Reports of the research on the timely developments that should be done in the broad field of human resource development are handed over to the Board of Directors and they are forwarded to the Minister after approval. The Board of Directors takes any further decisions on them.

Even at this instance, we have studied on the relevant project issue and forwarded a proposal on it.

(II) Not agreed.

It is observed that the reference made in the Audit Report that the programme called the “Research to identify the future difficulties of the Ordinary Level failed students” as mentioned in (b) VI above, had been implemented without any prior study on the target sample and their expectations, is a false statement.

As this project was implemented for the first time for the O/L failed students, a research was conducted by the use of secondary and primary sources to identify the nature of the issue and accordingly the nature of this social issue and its gravity were identified. Though steps were taken to prepare a formal scheme through discussions with experts, scholars, university professors, and lecturers, they were unable to propose a formal scheme for it. Through the endeavors of our staff Steps were taken to provide the children with a certificate. Seminars and residential workshops were conducted at district levels to educate the students and parents and they were referred to the NAITA for training. The Part B deals on this matter in detail.

(E) The Year of Human Resources

Not agreed.

The project entitled the “National Vocational Moon”, which is one of the projects implemented for the Year of Human Resources was initiated under the theme of “Star period is over – Moon has emerged” of the youth vocational reality resolution. This mega reality programme which intends to promote the whole vocational training field, provide the due respect for the conventional vocations and draw the attention of the students towards the vocational training programmes, will be telecasted by a famous television channel.

Media publicity, under a different theme was employed to inform the public of the programme, and to understand the public opinion before it is commenced. Proposals from such means were utilized for the development of the programme.

A number of discussions were held with the heads of Sirasa TV and Sirasa FM media institutions on the above project and have prepared budget estimates and pre- advertising recordings on the programme.

(F) Public Awareness Programme

Not agreed.

A separate expenditure was incurred under the public awareness programme in the year 2011 for one programme and the Audit had construed that only one public awareness programme had been conducted. However, 4 public awareness programmes and more than 20 awareness programmes had been conducted for O/L and A/L failed students respectively at Ministry auditorium and at district levels. Details of such matters can be proved by the relevant project documents.

(g) Agreed.

This had been done after the approval of the Board of Directors' was obtained.

(h) Abandoning a project without completion.

(I) Agreed.

The pilot survey was conducted to obtain preliminary understanding on the establishment of the above data bank. It was observed that the physical, human and financial resources available at our Council were not adequate to implement such island wide project. Therefore this project was ceased in 2010 and it is not mentioned in the 2010 audit report.

(II) Agreed.

The Board of Directors is assigned with the opportunity to make a final decision in this regard.

(III) Not agreed.

This project is continuously operated from 2010 and audit responses in this regard are provided by the above responses.

(i) As different programmes were initially conducted in the year 2011 also, medial publicity was employed to launch the programme in a new manner. Media plays a vital role in deciding the success of any programme in the current society. Media companies which pursue profit in its transactions do not wish to promote even any programme with national value with no fee. For example, if an article on a project is to be published in a newspaper, it has to be submitted as an advertisement.

PART 05

Accounting and Good Governance

5.1. Corporate Plan

(a) Agreed.

Necessary action will be taken to correct this in the year 2013.

(b) Agreed.

Necessary action will be taken to correct this in the year 2013.

5.2. Action Plan

(a) Not agreed.

The funds allocated for the implementation of the said 8 programmes were used to complete the executed programmes of the Action Plan. Accordingly the approved revised Action Plan was approved by the Board of Directors.

(c) Agreed.

The programme called the Year of Human Resources is included in the revised Action Plan.

(d) Not agreed.

The number of programmes expected to be implemented under one main programme was changed during the cause of the programme and some programmes were to be held in two mediums in certain districts. Therefore, the nature of the proposed programmes was altered to identify their needs and attitudes while programmes were implemented island wide. Accordingly, some unscheduled expenses had to be incurred within the circumstance of the lack of allocated provisions for the programme.

5.3. Internal Audit

Agreed.

At present the internal Audit Unit of the line Ministry conducts the audits.

5.4. Budgetary Control

Agreed.

The revision of budget estimate has caused this. (Attachment 02)

PART 06

Systems and Control

Agreed.